

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
PETITION FOR
REHEARING**

74-1171

IN THE
UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

APPEAL NO. 74-1171

AFFILIATED HOSPITAL PRODUCTS, INC.,
Appellant,

v.

MERDEL GAME MANUFACTURING COMPANY,
WM. RICHMAN ASSOCIATES, LTD.,
BERNARD CAHN,
Appellees.

B
P/S

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

PETITION FOR REHEARING OF THE APPELLANT
AFFILIATED HOSPITAL PRODUCTS, INC.

Alan T. Bowes
Kenyon & Kenyon Reilly
Carr & Chapin
59 Maiden Lane
New York, New York 100
(212) 425-7200

Bill Durkee
Arnold, White & Durkee
2100 Transco Tower
Houston, Texas 77027
(713) 621-9100

Counsel for Appellant

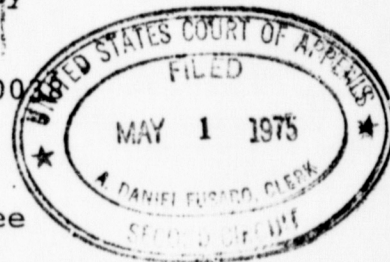


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IN THE UNITED STATES COURT OF APPEALS
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AFFILIATED HOSPITAL PRODUCTS, INC.,)
a corporation,)

Appellant,)

v.)

MERDEL GAME MANUFACTURING COMPANY,)
a corporation,)

NO. 74-1171

WM RICHMAN ASSOCIATES, LTD.,)
a corporation,)

BERNARD CAHN, an individual,)

Appellees.)
_____)

PETITION FOR REHEARING

Affiliated Hospital Products, Inc., petitions for rehearing on the ground that the decision is based on two fundamental errors of law which should not be published to confound the courts and other parties in future litigation.

- I. The Court Has Repudiated, Without Benefit Of Discussion Or Citation, Clear Statutory And Common Law That An Unauthorized Use Of A Trademark Is Trademark Infringement.

On page 2644 of the opinion, last sentence on the

page and in footnote 8, the Court has wiped out the CARROM trademark infringement action on wholly erroneous grounds and in direct contradiction of existing law. The Court has held that breaches of the 1967 agreement concerning use of trademarks, which breaches the Court has held did occur, give rise only to contractual compensatory damages. This holding is plainly erroneous, and should be corrected now without need of burdening the Supreme Court and the parties with a petition for certiorari.

The federal trademark law, 15 U.S.C. 1114(1), provides:

Any person who shall, without the consent of the registrant, . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.

[Emphasis supplied]

Since the trademark uses which constituted breaches of the 1967 agreement occurred, by definition, without consent of Affiliated, trademark infringement exists. Formal rescission is simply not a prerequisite to the bringing of an infringement action. Rather, an enforceable agreement constitutes an affirmative defense -- but only to the extent it provides enforceable consent.

The present holding of the Court was rejected as being unsound in Franchised Stores of New York, Inc. v. Winter, 394 F.2d 664 (2d Cir. 1968), and is contrary to all

known law of licensing of a statutory right, i.e. giving consent to what could otherwise be an infringement.

As stated by the Supreme Court in Henry v. A. B. Dick Co., 224 U.S. 1, 32 S. Ct. 364, 367 (1911):

The books abound in cases upholding the right of a patentee owner of a machine to license another to use it, subject to any qualification in respect of time, place, manner, or purpose of use which the licensee agrees to accept. Any use in excess would obviously be an infringing use and the license would be no defense. 3 Robinson, Patents, §§ 915, 916, and notes. This is so elementary we shall not stop to cite cases. [Emphasis added]

See also Lewis Invisible Stitch Mach. Co. v. Popper, 118 F.2d 191 (2d Cir. 1941).

As stated in Franchised Stores, supra at 394 F.2d 668:

A cause of action for trademark infringement exists, assuming the requisite jurisdiction and connection with commerce are established, where an individual uses a trademark (1)

without consent; (2) in connection with the sale of goods; (3) where such use is likely to cause confusion or to deceive purchasers as to the source or origin of the goods.

All of these elements have been clearly established in the present CARROM trademark infringement action.

Affiliated does not understand the obvious reluctance of both this Court and the District Court to consider the CARROM trademark infringement action. The District Court barred the action on the sole and obviously erroneous ground of res judicata. Now this Court has ducked it again, by asserting erroneously, without benefit of discussion or citation, that Affiliated has only contract rights, and that it is unnecessary to consider the trademark rights (see footnote 8 of the opinion).

Affiliated brought an action based on a valid, existing federal registration. What has happened to the trademark rights? Unless the Defendant Merdel enjoys enforceable consent to its activities, Merdel has infringed the trademark rights. Since consent is clearly not given by Affiliated to the breaches, the 1967 agreement is not a defense to these activities. Rescission is not a condition precedent to the bringing of an action.

The present holding must be corrected not only to preserve the rights of the present parties, but also to

avoid the litigation which will surely ensue between other parties based on the erroneous premise of the present holding. If published, the present opinion will lead to untold mischief.

II. The Court Has Failed To Recognize An Important Statutory Copyright Of Affiliated And In Effect Has Held The Copyright Invalid.

Affiliated can read the disposition of the copyright infringement claim only as an embarrassing failure to recognize the statutory copyright of Affiliated. In effect, the copyright has been held invalid without taking the time to say so.

The Court states on page 2646 of the opinion that Merdel admitted copying of Affiliated's rulebook, but that the copying was not slavish or verbatim and that Merdel made an attempt to improve upon and to clarify the presentation of the rules.

In dismissing the copyright infringement action, the Court failed to recognize that the copyright law grants to a copyright owner the exclusive right to "make any other version" of a copyrighted literary work. 17 U.S.C. § 1(b).

The Court failed to appreciate the clear law set forth in West Pub. Co. v. Lawyers' Cooperative Pub. Co.,

79 F. 756, 762 (2d Cir. 1897):

Identity of language will often prove that the offense was committed, but it is not the sole proof; and, when the offense is proved, relief will be afforded, irrespective of any similarity of language. For example, if, in a case like this, defendant's editors should one and all testify that they made up their digest from complainant's syllabi, so as to save the time and trouble necessarily involved in an independent examination of each opinion, there can be no doubt that such digest would be held to infringe, although the work were so cleverly done that no identity of language could be found in a single paragraph.

This Court and the Court below have each held that Merdel made an improved version, but the Court then has denied infringement in spite of the statutory language and known law. Such a result is an embarrassing non sequitur, and in effect holds Affiliated's copyright invalid without benefit of discussion or apparent consideration.

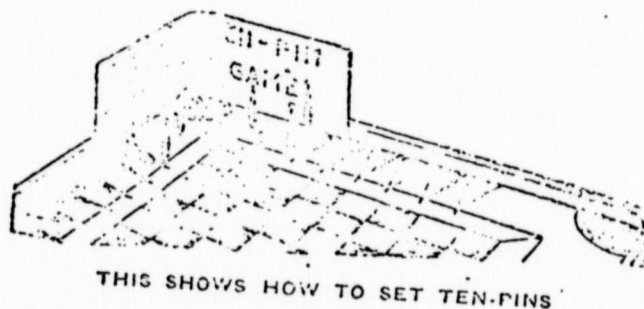
The law is clearly stated in Orgel v. Clark Boardman Co., 301 F.2d 119, 120 (2d Cir.) cert. denied,

371 U.S. 812 (1962):

Appropriation of the fruits of another's labor and skill in order to publish a rival work without the expenditure of the time and effort required for independently arrived at results is copyright infringement. [Emphasis supplied]

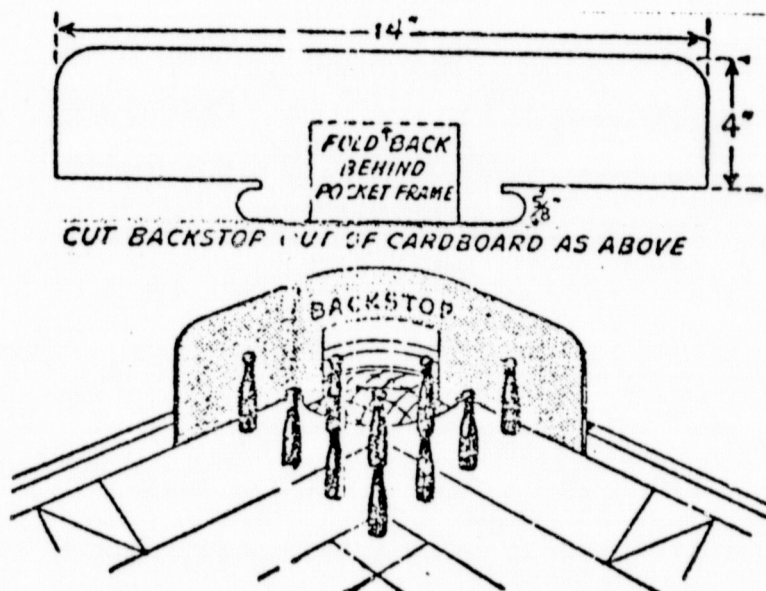
The law requires that the present copyright infringement action be granted on the facts found by this Court and the Court below. This conclusion is required when one considers that the rule books in question contain close to one hundred different games, many illustrations, and various layouts and arrangements.

The complete nature of the infringement is clearly established by the following illustrations, which must have been overlooked by the Court in dismissing infringement. On page 10 of Exhibit V, an old rulebook now in the public domain, the illustration for the game of Ten-Pins follows (the original exhibit contains a much clearer copy):

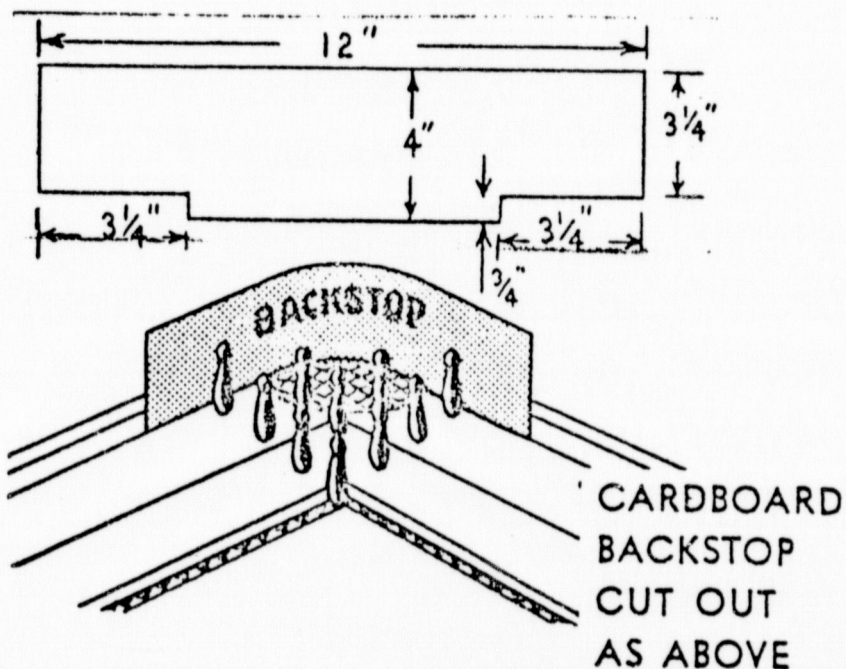


The CARROM copyrighted rulebook, Exhibit 100, and Merdel's improved version, Exhibit 101, contain the following illustrations for a similar game:

CARROM RULEBOOK, p. 28

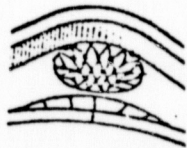


MERDEL RULEBOOK, p. 34



In the illustration of the corner nets of the gameboards, patent copying from the copyrighted work also occurred:

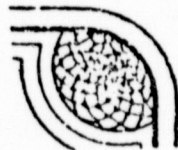
PUBLIC DOMAIN PATENT
Exhibit T-10



PUBLIC DOMAIN RULEBOOK
Exhibit V, p. 33



CARROM RULEBOOK
Exhibit 100, p. 24



MERDEL'S IMPROVED VERSION
Exhibit 101, p. 24



Only in the CARROM rulebook and in the Merdel "improved version" are the corner nets pictorially illustrated by a plurality of smooth, intersecting arcs.

These illustrations show dramatically the complete nature of the infringement, and the clear use of a rival's copyrighted work.

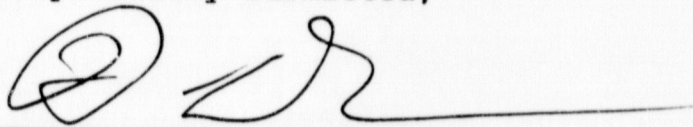
In spite of the evidence, this Court has failed to hold infringement in a classic case of admitted copyright infringement. The present decision is contrary to all known existing law, and should be corrected now without

need of review by the Supreme Court and without engendering future litigation over the present erroneous premise of law.

III. Conclusion, A Rehearing Is Necessary, Even
Though It May Be Distasteful.

Rehearing a case and changing a decision is obviously a distasteful task. When it needs to be done, however, it needs to be done. And the present decision cries for rehearing, for two important statutory rights of Affiliated, one in trademark and one in copyright, have been disregarded.

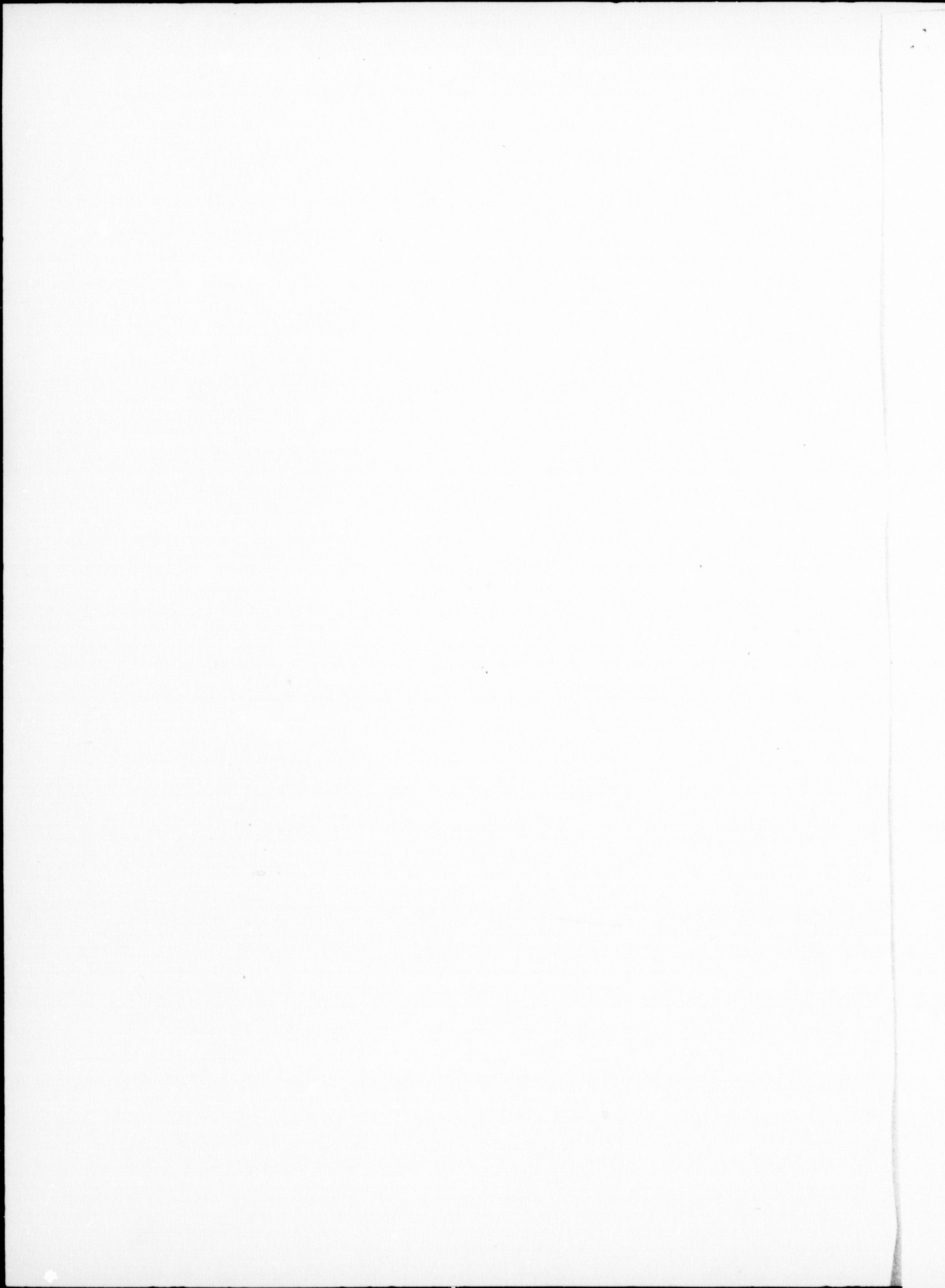
Respectfully submitted,



Bill Durkee
ARNOLD, WHITE & DURKEE
2100 Transco Tower
Houston, Texas 77027
(713) 621-9100

Alan T. Bowes
KENYON & KENYON, REILLY,
CARR & CHAPIN
59 Maiden Lane
New York, New York 10038
(212) 425-7200

Attorneys for Affiliated
Hospital Products, Inc.



CERTIFICATE OF SERVICE

I certify that two (2) copies of the foregoing PETITION FOR REHEARING have been served on each John D. Tully, Warner, Norcross & Judd, 900 Old Kent Building, Grand Rapids, Michigan 49502, and Robert E. Wagenfeld, 403 St. Paul's Avenue, Staten Island, New York 10304, counsel for Merdel Game Manufacturing Company, Wm. Richman Associates, Ltd., and Bernard Cahn, by depositing the same in the U.S. mail, first-class, postage prepaid, this 30th day of April, 1975.

